

Media Production Expenditure Tax Credit

Description

Effective July 1, 2008, the Media Production Expenditure Tax Credit (MPETC) was established to further grow the Indiana production industry by providing individuals and companies a refundable tax credit of up to 15% of qualified investment in a qualified media production project. The MPETC is refundable; therefore, if the amount of the MPETC exceeds the taxpayer's state income tax liability for that taxable year, the taxpayer is entitled to a refund of the excess of the credit amount over their state income tax liability.

The Media Production Expenditure Tax Credit is established by Indiana Code 6-3.1-32.

Eligibility

The MPETC is available to an approved individual or entity that makes a qualified media production in Indiana. The total amount of MPETC the IEDC may award in any fiscal year may not exceed two million, five hundred thousand dollars (\$2,500,000).

In order to be considered for the MPETC, an applicant must commit to spend a minimum of one hundred thousand dollars (\$100,000) for the production of a feature length film, short film, documentary, or television series, program or feature. An applicant seeking the MPETC for a digital media production that is intended for reasonable commercial exploitation, an audio recording or music video, an advertising message broadcast on radio or television, a media production concerning training or external marketing or communications must spend at least fifty thousand dollars (\$50,000) for the production. Eligible expenses may include pre-production, production, and post-production expenses.

Excluded media productions include a production in any medium that is obscene as defined in IC 35-49-2-1, television coverage of news, and television coverage of athletic events.

Taxpayers seeking a MPETC must receive written IEDC approval before incurring or making any qualified media expenditures in order for those expenditures to be eligible.

A taxpayer that claims a MPETC must file an Indiana income tax return for at least the first five years that the MPETC has income from the qualified media production for which the tax credit was granted.

Approval & Certification Process for Qualified Indiana Business

Step 1: Application

Businesses that wish to apply for approval by the IEDC to be qualified for purposes of the Media Production Expenditure Tax Credit must submit an MPETC application to the IEDC.

An approved applicant will enter into an agreement with the IEDC that authorizes the use of the credit and specifies the terms and obligations for claiming the credit.

The MPETC is equal to the amount of the qualified investment approved by the IEDC multiplied by a percentage determined by the IEDC, not to exceed 15%. The IEDC will consider the following criteria when making a determination regarding a credit award: is the project economically viable, will the project increase economic growth and job creation in Indiana, what percentage of those hired will be local, and is granting of the tax credit necessary to cause the media production project to be undertaken in Indiana. The credit percentage for a specific project will be determined by the IEDC based on analysis of the overall economic benefit to the State of Indiana as result of the proposed project.

Step 2: Certification

Upon the completion of the qualified production, the applicant must submit to IEDC proof of investment and any additional documentation required by the IEDC. The IEDC shall issue to the applicant a letter indicating the amount of the tax credit that the taxpayer may claim on its Indiana income tax return

To claim the MPETC the taxpayer will be required to submit the certification letter issued by the IEDC to the Indiana Department of Revenue with the taxpayer's tax return.

Qualified Production Expenditures

A "qualified production expenditure" is defined as any expense incurred in Indiana or expenditure made in Indiana in the direct production of a qualified media production in Indiana. Any investment made prior to receiving IEDC approval or after December 31, 2011 is ineligible for the MPETC.

A qualified production expenditure includes the following expenses incurred in Indiana made in direct production of a qualified media production in Indiana:

- Payment of wages, salaries, and benefits to Indiana residents
- Acquisition costs for a story or scenario used in the qualified media production
- Acquisition costs for locations, sets, and wardrobes, and accessories
- Expenditures for materials used to make sets, wardrobes, and accessories
- Expenditures for photography, sound synchronization, lighting, and related services

- Expenditures for editing and related services
- Facility and equipment rentals
- Food and lodging
- Legal services if purchased from an attorney licensed to practice law and located in Indiana
- Any other production expenditure for which taxes are assessed or imposed by the state and is approved by the IEDC.

Applications must be submitted to the IEDC at:

Indiana Economic Development Corporation
Business Development-Film Indiana
One North Capitol, Suite 700
Indianapolis, IN 46204
filminfo@iedc.in.gov
Phone: (317) 234-2087
Fax: (317) 232-4146